

**AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2009**  
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

**Fort Vermilion School Division No. 52**

Legal Name of School Jurisdiction

**P.O. Bag # 1, Fort Vermilion, Alberta T0H 1N0**

Mailing Address

**Phone: 1-780-927-3766 Fax: 1-780-927-4625**

Telephone and Fax Numbers

**SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The financial statements of Fort Vermilion School Division No. 52 presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with generally accepted accounting principles and follow format prescribed by Alberta Education.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the school jurisdiction's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that accounting records may be relied upon to properly reflect the school jurisdiction's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a strong system of budgetary control.

***Board of Trustees Responsibility***

The ultimate responsibility for the financial statements lies with the Board of Trustees. The Board reviewed the audited financial statements with management in detail and approved the financial statements for release.

***External Auditors***

The Board appoints external auditors to audit the financial statements and meets with the auditors to review their findings. The external auditors were given full access to school jurisdiction records.

***Declaration of Management and Board Chairman***

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position and results of operations and cash flows for the year in accordance with generally accepted accounting principles and follow the financial reporting requirements prescribed by Alberta Education.

**BOARD CHAIR**

**Mr. Wally Schroeder**

Name

**"ORIGINAL SIGNED"**

Signature

**SUPERINTENDENT**

**Mr. Roger Clarke**

Name

**"ORIGINAL SIGNED"**

Signature

**SECRETARY TREASURER OR TREASURER**

**Mr. Jeff Perry**

Name

**"ORIGINAL SIGNED"**

Signature

**November 30, 2009**

Board-approved Release Date

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MEYERS NORRIS PENNY LLP

## AUDITORS' REPORT

To the Board of Trustees of

### FORT VERMILION SCHOOL DIVISION NO. 52

We have audited the statement of financial position of the Fort Vermilion School Division No. 52 as at August 31, 2009 and the statements of revenues and expenses, cash flows, changes in net assets and capital allocations for the year then ended. These financial statements are the responsibility of the school jurisdiction's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the school jurisdiction as at August 31, 2009 and the results of its operations, changes in cash flows, net assets and capital allocations for the year then ended in accordance with Canadian generally accepted accounting principles.

November 12, 2009

Leduc, Alberta

*Meyers Norris Penny LLP*

**CHARTERED ACCOUNTANTS**

**STATEMENT OF FINANCIAL POSITION**  
as at August 31, 2009

(in dollars)

	2009	2008 (Note)
<b>ASSETS</b>		
Current assets		
Cash and temporary investments	\$9,476,032	\$5,717,965
Accounts receivable (net after allowances) (Note 4)	\$1,132,657	\$1,779,751
Prepaid expenses	\$100,730	\$44,711
Other current assets	\$102,766	\$106,453
<b>Total current assets</b>	<b>\$10,812,185</b>	<b>\$7,648,880</b>
School generated assets	\$260,415	\$201,022
Trust assets (Note 8)	\$681,239	\$657,976
Long term accounts receivable	\$0	\$0
Long term investments	\$0	\$0
Capital assets		
Land	\$712,077	\$712,077
Construction in Progress	\$368,568	\$0
Buildings	\$80,092,431	
Less: accumulated amortization	(\$32,264,972)	\$49,410,593
Equipment	\$6,271,254	
Less: accumulated amortization	(\$5,156,216)	\$1,266,660
Vehicles	\$6,197,561	
Less: accumulated amortization	(\$3,422,039)	\$2,655,895
<b>Total capital assets</b>	<b>\$52,798,664</b>	<b>\$54,045,225</b>
<b>TOTAL ASSETS</b>	<b>\$64,552,503</b>	<b>\$62,553,103</b>
<b>LIABILITIES</b>		
Current liabilities		
Bank indebtedness (Note 5)	\$0	\$0
Accounts payable and accrued liabilities (Note 6)	\$2,607,356	\$2,502,602
Deferred revenue (Note 7)	\$637,040	\$556,697
Deferred capital allocations (Note 10)	\$3,141,860	\$704,541
Current portion of long term debt	\$425,341	\$559,880
<b>Total current liabilities</b>	<b>\$6,811,596</b>	<b>\$4,323,720</b>
School generated liabilities	\$260,415	\$201,022
Trust liabilities (Note 8)	\$681,239	\$657,976
Employee future benefit liabilities	\$30,630	\$0
Long term debt (Note 9)		
Supported: Debentures and other supported debt	\$1,392,654	\$1,952,534
Less: Current portion	(\$425,341)	(\$559,880)
Unsupported: Debentures and Capital Loans	\$0	\$0
Capital Leases	\$0	\$0
Mortgages	\$0	\$0
Less: Current portion	\$0	\$0
Other long term liabilities	\$0	\$0
Unamortized capital allocations (Note 11)	\$44,342,170	\$44,740,013
<b>Total long term liabilities</b>	<b>\$46,281,767</b>	<b>\$46,991,665</b>
<b>TOTAL LIABILITIES</b>	<b>\$53,093,364</b>	<b>\$51,315,385</b>
<b>NET ASSETS</b>		
Unrestricted net assets	(\$0)	\$0
Operating Reserves	\$3,580,303	\$3,135,277
Accumulated Operating Surplus (Deficit)	\$3,580,303	\$3,135,277
Investment in capital assets	\$7,064,044	\$7,352,881
Capital Reserves	\$814,793	\$749,560
Total Capital Funds	\$7,878,837	\$8,102,441
<b>Total net assets</b>	<b>\$11,459,140</b>	<b>\$11,237,718</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$64,552,503</b>	<b>\$62,553,103</b>

**Note:** Please input "(Restated)" in 2008 column heading where comparatives are not taken from the finalized 2007-2008 Audited Financial Statements filed with Alberta Education.

**STATEMENT OF REVENUES AND EXPENSES**  
**for the Year Ended August 31, 2009**  
(in dollars)

	Actual 2009	Budget 2009 (Note)	Actual 2008 (Note)
<b>REVENUES</b>			
Government of Alberta	\$35,200,339	\$36,168,300	\$35,727,400
Federal Government and First Nations	\$4,968,022	\$4,757,715	\$4,460,966
Other Alberta school authorities	\$160,778	\$160,780	\$153,810
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Instruction resource fees	\$128,241	\$49,690	\$109,872
Transportation fees	\$0	\$0	\$0
Other sales and services	\$204,343	\$174,500	\$252,541
Investment income	\$66,699	\$150,000	\$292,478
Gifts and donations	\$7,500	\$0	\$0
Rental of facilities	\$456,638	\$290,000	\$450,206
Net school generated funds	\$493,734	\$0	\$325,594
Gains on disposal of capital assets	\$65,233	\$0	\$28,951
Amortization of capital allocations	\$2,105,470	\$2,105,672	\$2,537,695
Other revenue	\$0	\$0	\$0
<b>Total Revenues</b>	<b>\$43,856,997</b>	<b>\$43,856,657</b>	<b>\$44,339,513</b>
<b>EXPENSES</b>			
Certificated salaries	\$18,414,528	\$18,502,885	\$18,681,985
Certificated benefits	\$1,870,787	\$1,816,766	\$1,905,580
Non-certificated salaries and wages	\$9,044,578	\$9,078,057	\$8,752,646
Non-certificated benefits	\$1,417,815	\$1,674,741	\$1,466,286
Services, contracts and supplies	\$8,962,539	\$9,312,467	\$8,926,717
Net school generated funds	\$493,734	\$0	\$325,594
<b>Capital and debt services</b>			
Amortization of capital assets			
Supported	\$2,105,470	\$2,105,672	\$2,537,695
Unsupported	\$1,161,466	\$1,177,309	\$1,186,022
<b>Total Amortization of capital assets</b>	<b>\$3,266,936</b>	<b>\$3,282,981</b>	<b>\$3,723,717</b>
Interest on capital debt			
Supported	\$150,478	\$188,760	\$217,083
Unsupported	\$0	\$0	\$2,784
<b>Total Interest on capital debt</b>	<b>\$150,478</b>	<b>\$188,760</b>	<b>\$219,867</b>
Other interest and charges	\$61	\$0	\$3,740
Losses on disposal of capital assets	\$14,119	\$0	\$0
Other expense	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$43,635,575</b>	<b>\$43,856,657</b>	<b>\$44,006,132</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM</b>	<b>\$221,422</b>	<b>\$0</b>	<b>\$333,381</b>
Extraordinary Item	\$0	\$0	\$0
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$221,422</b>	<b>\$0</b>	<b>\$333,381</b>

**Note:** Please input "(Restated)" where Actual 2008 comparatives are not as presented in the finalized 2007-2008 Audited Financial Statements filed with Alberta Education. Budget 2009 comparatives presented are final budget amounts formally approved by the Board.

**STATEMENT OF CASH FLOWS**  
for the Year Ended August 31, 2009

(in dollars)

	2009	2008 (Note)
<b>CASH FLOWS FROM:</b>		
<b>A. OPERATIONS</b>		
Excess (deficiency) of revenues over expenses	\$221,422	\$333,381
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$2,105,470)	(\$2,537,695)
Total amortization expense	\$3,266,936	\$3,723,717
Gains on disposal of capital assets	(\$65,233)	(\$28,951)
Losses on disposal of capital assets	\$14,119	\$0
Changes in:		
Accounts receivable	\$647,094	(\$258,736)
Prepays and other current assets	(\$52,332)	\$124,340
Long term accounts receivable	\$0	\$0
Long term investments	\$0	\$0
Accounts payable and accrued liabilities	\$104,754	\$72,852
Deferred revenue	\$80,343	\$306,374
Employee future benefit liabilities	\$30,630	\$0
Other (describe)      Capital allocations not received in cash	\$124,971	(\$467,100)
<b>Total cash flows from Operations</b>	<b>\$2,267,233</b>	<b>\$1,268,182</b>
<b>B. INVESTING ACTIVITIES</b>		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$1,219,274)	(\$3,917,984)
Equipment	(\$231,767)	(\$219,433)
Vehicles	(\$662,316)	(\$771,129)
Net proceeds from disposal of capital assets	\$143,596	\$63,617
Other (describe)      High Level Daycare, CTS Trailer	\$419,545	(\$51,460)
<b>Total cash flows from Investing activities</b>	<b>(\$1,550,216)</b>	<b>(\$4,896,389)</b>
<b>C. FINANCING ACTIVITIES</b>		
Capital allocations	\$3,165,694	\$4,085,493
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$559,880)	(\$812,297)
Add back: supported portion	\$559,880	\$793,121
Other (describe)      Capital allocations not received in cash	(\$124,644)	\$242,458
<b>Total cash flows from financing activities</b>	<b>\$3,041,050</b>	<b>\$4,308,775</b>
<b>Net cash flows from during the year</b>	<b>\$3,758,067</b>	<b>\$680,568</b>
<b>Cash and temporary investments, net of bank indebtedness, at Aug. 31/08</b>	<b>\$5,717,965</b>	<b>\$5,037,397</b>
<b>Cash and temporary investments, net of bank indebtedness, at Aug. 31/09</b>	<b>\$9,476,032</b>	<b>\$5,717,965</b>

**Note:** Please input "(Restated)" where Actual 2008 comparatives are not as presented in the finalized 2007-2008 Audited Financial Statement filed with Alberta Education.

**STATEMENT OF CHANGES IN NET ASSETS  
for the Year Ended August 31, 2009**

School Jurisdiction Code: 1250

(in dollars)

	(1)	(2)	(3)	(4)	(5)	INTERNALLY RESTRICTED NET ASSETS						(12)	(13)	(14)	(15)
	TOTAL NET ASSETS Cols. 2+3+4+5	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	TOTAL OPERATING RESERVES Cols. 6+8+10+12+14	TOTAL CAPITAL RESERVES Cols. 7+9+11+13+15	School & Instruction Related		Operations & Maintenance		Board & System Admin.		Transportation		External Services	
						Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
<b>Balance at August 31, 2008</b>	\$11,237,718	\$7,352,881	\$0	\$3,135,277	\$749,560	\$3,135,277	\$283,555	\$0	\$1,780,014	\$0	\$188,528	\$0	\$99,463	\$0	\$0
Prior period adjustments (describe)															
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Adjusted Balance, Aug. 31, 2008</b>	\$11,237,718	\$7,352,881	\$0	\$3,135,277	\$749,560	\$3,135,277	\$283,555	\$0	\$1,780,014	\$0	\$188,528	\$0	\$99,463	\$0	\$0
Excess (deficiency) of revenue over expenses	\$221,422		\$221,422												
Board funded capital additions		\$965,611	(\$965,611)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Disposal of unsupported capital assets	\$0	(\$92,982)	\$92,982		\$0		\$0		\$0		\$0		\$0		\$0
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0		\$0		\$0		\$0		\$0		\$0		\$0
Direct credits to net assets	\$0	\$0													
Amortization of capital assets		(\$3,266,936)	\$3,266,936												
Amortization of capital allocations		\$2,105,470	(\$2,105,470)												
Debt principal repayments (unsupported)		\$0	\$0												
Net transfers to operating reserves			(\$445,026)	\$445,026		\$445,026		\$0		\$0		\$0		\$0	
Net transfers from operating reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0	
Net transfers to capital reserves			(\$65,233)		\$65,233		\$0		\$52,961		\$0		\$12,272		\$0
Net transfers from capital reserves			\$0		\$0		\$0		\$0		\$0		\$0		\$0
Assumption/transfer of other operations' net assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Balance at August 31, 2009</b>	\$11,459,140	\$7,064,044	(\$0)	\$3,580,303	\$814,793	\$3,580,303	\$283,555	\$0	\$2,309,975	\$0	\$188,528	\$0	\$111,735	\$0	\$0

**STATEMENT OF CAPITAL ALLOCATIONS**  
**(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)**  
for the Year Ended August 31, 2009  
(in dollars)

	<b>Deferred Capital Allocations</b>	<b>Unamortized Capital Allocations</b>
<b>Balance at August 31, 2008</b>	\$704,541	\$44,740,013
<b>Prior period adjustments</b>	\$0	\$0
<b>Adjusted balance, August 31, 2008</b>	\$704,541	\$44,740,013
<b>Add:</b>		
<b>Restricted capital allocations from:</b> Alberta Education including school and modular projects	\$3,153,696	
Other Government of Alberta	\$0	
Federal Government and First Nations	\$0	
Other sources	\$0	
<b>Interest earned on provincial government capital allocations</b>	\$11,998	
<b>Other capital grants and donations</b>	\$0	
<b>Net proceeds on disposal of supported capital assets</b>	\$0	
<b>Insurance proceeds (and related interest)</b>	\$0	
<b>Donated capital assets (amortizable, @ fair market value)</b>		\$376,090
<b>Transferred in capital assets (amortizable, @ net book value)</b>		\$43,282
<b>Current Year Debenture Principal Repayment</b>		\$559,880
<b>Expended capital allocations - current year</b>	(\$728,375)	\$728,375
<b>Deduct:</b>		
<b>Net book value of supported capital assets dispositions, write-offs, or transfer; Other</b>	\$0	\$0
<b>Capital allocations amortized to revenue</b>		\$2,105,470
<b>Balance at August 31, 2009</b>	<b>\$3,141,860</b>	<b>\$44,342,170</b>

\* Infrastructure Maintenance Renewal/Infrastructure Maintenance Program allocations are excluded from this Statement, since those contributions are not externally restricted to capital.

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**FORT VERMILION SCHOOL DIVISION NO. 52**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

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**1. Authority and Purpose**

The School Jurisdiction delivers education programs under the authority of the *School Act*, Revised Statutes of Alberta 2000, Chapter S-3.

The jurisdiction receives instruction and support allocations under Regulation 77/2003. The regulation allows for the setting of conditions and use of grant monies. The School Jurisdiction is limited on certain funding allocations and administration expenses.

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**2. Significant Accounting Policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations, which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

***Revenue Recognition***

Fort Vermilion School Division No. 52 (the "School Division") follows the deferral method of accounting for contributions.

Revenue is recognized as follows:

Instruction and support allocations are recognized in the year to which they relate.

Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

Unrestricted contributions are recognized as revenue when received or receivable. Contributions in-kind are recorded at fair market value when reasonably determinable.

Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction is complied with.

The School Division amortizes grants received for construction and acquisition of capital assets as revenue on the same basis that the cost of the assets is amortized as expense. Since the receipt of the grants does not coincide with the amortization of the cost, the unamortized portion of the grants are recorded as a liability on the statement of financial position. These capital allocations are recorded as deferred capital contributions until spent. Once spent, they are transferred to unamortized capital allocations which are amortized to revenue on the same basis as the capital asset acquired by the grant.

***Prepaid Expenses***

Certain expenditures incurred and paid before the close of the school year are for school supplies, which will be consumed subsequent to year-end, and are accordingly recorded as prepaid expenses. Certain insurance expenses also fall into this category.

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**FORT VERMILION SCHOOL DIVISION NO. 52**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

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**2. Significant Accounting Policies (continued from previous page)**

**Capital Assets**

Capital assets are stated at cost and amortized over the estimated useful lives of the assets on a straight-line basis at the following rates:

Buildings	25 and 40 years
Equipment and land improvements	5, 10 and 20 years
Vehicles	5 and 10 years
Construction in progress	not amortized

Only capital assets with costs in excess of \$5,000 are capitalized. Any capital allocations received for asset additions are amortized over the same period as the related asset. No amortization is taken in the year of acquisition.

**School Generated Funds**

These are funds which come under the control and responsibility of a school principal for school activities. They are usually collected, retained, and expended at the school level (e.g. yearbook sales, graduation fees, field trip fees, etc.)

**Vacation Pay**

Vacation pay is accrued in the period in which the employee earns the benefit.

**Pensions**

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

The current service and past service costs of the Alberta Teacher Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers Pension Plan Act, the School Division does not make pension contributions for certificated staff.

The School Division participates in the multi-employer pension plan, Local Authorities Pension Plan and does not report on any unfunded liabilities. The expense for this pension plan is equivalent to the annual contributions of \$48,836 (2008 - \$42,315) for the year ended August 31, 2009. At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of \$4,413,971 (2007 deficiency of \$1,183,334,000).

The School Division also participates in the registered Supplemental Integrated Pension Plan (SiPP). This multi-employer plan provides supplementary pension plan benefits to a prescribed class of employees in addition to Local Authorities Pension Plan or Alberta Teacher Retirement Fund. The expense for this pension plan is equivalent to the annual contributions of \$32,639 for the year ended August 31, 2009 (2008 - \$23,586). There are four employees who are eligible to participate in the plan; all are currently participating.

**Contributed Services**

Volunteers contribute a considerable number of hours per year to various schools to ensure that certain programs are delivered, such as kindergarten, lunch services and the raising of school generated funds. Because of the difficulty of compiling these hours and the fact that these services are not otherwise purchased, contributed services are not recognized in the financial statements.

**2. Significant Accounting Policies (continued from previous page)**

***Operating and Capital Reserves***

Reserves are established at the discretion of the Board of Trustees of the School Division, or externally, to set aside funds for future operating and capital expenditures. Such reserves are appropriations of accumulated surplus.

Surpluses identified from school operations are transferred to reserves subject to the availability of unrestricted net assets, and transferred from reserves when the use of the funds have been identified by the schools. See Note 12 for details on reserve balances.

***Use of Estimates***

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Accounts receivable have been stated with an estimate as to collectibility, and amortization of capital assets and capital allocations is based on estimated useful life of the underlying assets. Actual results could vary from those estimates.

***Financial Instruments***

The School Division's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, school generated assets and liabilities, trust assets and liabilities, employee future benefit liabilities and long-term debt. It is management's opinion that the School Division is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values. The jurisdiction has invested surplus funds in accordance with Section 60 of the *School Act* and Section 5 of the *Trustees Act*.

(i) Held for trading

The School Division has classified cash and temporary investments, school generated assets and trust assets as held for trading. These instruments are initially recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date.

Held for trading financial instruments are subsequently measured at their fair value, without any deduction for transaction costs incurred on sale or other disposal. Gains and losses arising from changes in fair value are recognized immediately in income.

(iv) Held to maturity

The School Division has not classified any financial assets as held to maturity.

**2. Significant Accounting Policies (continued from previous page)**

(v) Other financial liabilities

The School Division has classified accounts payable and accrued liabilities, employee future benefit liabilities, school generated liabilities, trust liabilities and long term debt as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Other financial liabilities are subsequently measure at amortized cost using the effective interest method. Under this method, estimate future cash payments are discounted over the liability's expected life, or other appropriate period, to their net carrying value. Amortized cost is the amount at which the financial liability is measure at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in net income upon derecognition.

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**3. Change in Accounting Policy**

***Financial instruments***

Effective September 1, 2008, the Division adopted the Canadian Institute of Chartered Accountants' new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards.

CICA 3855 *Financial Instruments - Recognition and Measurement* establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. CICA 3861 *Financial Instruments - Disclosure and Presentation* discusses the presentation and disclosure of these items. Financial instruments are defined as a contractual right to either receive or deliver cash or another financial instrument to another party.

As described in Significant Accounting Policies, Note 2, the Division recognizes its held for trading financial assets at their fair value. Prior to this classification, required at the time the Division adopted the Financial Instruments standards, these items were recognized at their historical cost, adjusted for any permanent impairment.

As described in Significant Accounting Policies, Note 2, the Division's loans and receivable financial assets, and its other financial liabilities, are recognized at their amortized cost, using the effective interest method. Prior to this classification, these items were recognized at their historical cost, adjusted for any permanent impairment.

There is no effect of this change in accounting policy in the current period. The new requirements were applied prospectively and prior periods have not been restated.

**FORT VERMILION SCHOOL DIVISION NO. 52**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

**4. Accounts Receivable**

	<u>2009</u>	<u>2008</u>
Federal Government and/or First Nations	\$ 1,045,634	\$ 1,738,163
Province of Alberta	525,375	653,158
Other	<u>125,784</u>	<u>196,793</u>
	<b>1,696,793</b>	2,588,114
Less allowance for doubtful accounts	<u>(564,136)</u>	<u>(808,363)</u>
	<b><u>\$ 1,132,657</u></b>	<b><u>\$ 1,779,751</u></b>

Of the above amount net of allowance for doubtful accounts, \$487,338 (2008- \$933,578) has been outstanding for more than one year.

**5. Bank Indebtedness**

The School Division has negotiated a line of credit in the amount of \$2,000,000 that bears interest at prime less 0.25% and is secured by a borrowing bylaw and a security agreement. There was no balance outstanding on the line of credit at August 31, 2009.

**6. Accounts Payable and Accrued Liabilities**

	<u>2009</u>	<u>2008</u>
Trade and other	\$ 1,841,857	\$ 2,052,074
Federal Government and/or First Nations	475,454	342,750
Province of Alberta	<u>290,045</u>	<u>107,778</u>
	<b><u>\$ 2,607,356</u></b>	<b><u>\$ 2,502,602</u></b>

**7. Deferred Revenue**

The following amounts have been deferred and will be recognized as income to match the expenditures as incurred.

	<u>2009</u>	<u>2008</u>
CTS Trailer grant	\$ 147,020	\$ -
Technology grants	121,357	221,045
Child's Circle Project	110,287	131,178
Smartboard grant	103,605	172,171
Innovative Classroom Technology	61,202	-
Evergreening CTS	48,435	-
Infrastructure Maintenance Renewal	30,080	-
Other amounts	<u>15,054</u>	<u>32,303</u>
	<b><u>\$ 637,040</u></b>	<b><u>\$ 556,697</u></b>

**FORT VERMILION SCHOOL DIVISION NO. 52**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

**8. Trust Assets and Trust Liabilities**

*Student Health Initiative*

The Division is the banker board for their geographical area's Student Health Initiative Partnership. As of August 31, 2009, the Division held \$672,592 in trust for this initiative (2008 – \$630,976).

*Bursaries*

The Division also manages trust funds, which will be used to pay school scholarships. At August 31, 2009, total funds in trust were \$8,647 (2008 - \$27,000).

**9. Long-term Debt**

	<u>2009</u>	<u>2008</u>
Alberta Municipal Finance Corporation debenture debt repayable in annual installments including interest at rates varying between 7.5% and 12.0%. The debentures are fully supported by Alberta Finance. Interest paid on long-term debt during 2009 was \$188,760 (2008 - \$271,576).	\$ 1,392,654	\$ 1,952,534
Less current portion	<u>(425,341)</u>	<u>(559,880)</u>
	<u>\$ 967,313</u>	<u>\$ 1,392,654</u>

Principal repayment requirements are estimated as follows:

2009/2010	\$ 425,341
2010/2011	213,329
2011/2012	199,108
2012/2013	189,865
2013/2014	189,865
To maturity	<u>175,146</u>
	<u>\$ 1,392,654</u>

The current portion of long-term debt consists entirely of amounts payable by Alberta Finance on supported debt; therefore the working capital (current assets minus current liabilities) is understated by this amount.

**10. Deferred Capital Allocations**

Deferred capital allocations represent externally restricted supported capital funds provided for a specific capital purpose that have been received or are receivable by the School Division, but the related expenditure has not yet been made at year-end. These unspent deferred capital allocations are not amortized until the expenditure has been made and it is at that time that the balance is transferred to the unamortized capital allocations account.

**FORT VERMILION SCHOOL DIVISION NO. 52**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

**11. Unamortized Capital Allocations**

Unamortized capital allocations represent externally restricted supported capital funds that have been spent, but have yet to be amortized over the useful life of the applicable capital asset to which the restricted capital allocations apply. The unamortized capital allocations account balance is increased by transfers of previously deferred capital allocations now spent, as well as fully-supported debentured capital funds, as the principal is repaid. Since the receipt of the funding does not coincide with the amortization of the cost, the unamortized portion of the grants are recorded as a liability on the statement of financial position.

**12. Reserves**

	<u>2009</u>	<u>2008</u>
Capital Reserves		
Vehicles	\$ 261,542	\$ 244,444
Buildings	223,068	174,934
Land	2,200	2,200
Equipment	<u>327,983</u>	<u>327,982</u>
	<u>814,793</u>	<u>749,560</u>
Operating Reserves	<u>3,580,303</u>	<u>3,135,277</u>
Unrestricted Net Assets	<u>-</u>	<u>-</u>
	<u>\$ 4,395,096</u>	<u>\$ 3,884,837</u>

**13. Department of Indian and Northern Affairs School**

The School Division operates the Upper Hay River Day School under an agreement with the Department of Indian and Northern Affairs Canada (INAC) and the North Peace Tribal Council. Under the terms of the agreement the School Division is responsible for all instructional costs and custodial salaries and supplies, for which they are reimbursed. These revenues and expenses are summarized as follows:

	<u>2009</u>	<u>2008</u>
Revenue		
INAC and North Peace Tribal Council	\$ 1,146,561	\$ 1,120,425
Rental income	6,072	7,920
Transfer from deferred revenue	99,176	71,688
Allocated for future purchases	<u>(15,000)</u>	<u>(15,000)</u>
	<u>1,236,809</u>	<u>1,185,033</u>
Operating expenditures		
Instructional	1,067,978	1,022,102
Custodial supplies and salaries	<u>76,350</u>	<u>70,681</u>
	<u>1,144,328</u>	<u>1,092,783</u>
Administration fee	<u>92,481</u>	<u>92,250</u>
	<u>1,236,809</u>	<u>1,185,033</u>
Excess of Revenue over Expenditures	<u>\$ -</u>	<u>\$ -</u>

**FORT VERMILION SCHOOL DIVISION NO. 52**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

**14. Budgeted Amounts**

The budget was prepared by the school jurisdiction and approved by the Board of Trustees. It is presented for information purposes only.

**15. Economic Dependence on Related Third Party**

The Regional Division's primary source of income is from the Alberta Government. The Division's ability to continue viable operations is dependent upon this funding.

In August, 2009, Alberta Education announced that there will be a "fiscal correction" to the previously announced Education Budget for 2009-2010. The correction will result in a monthly reduction of grant payments from September 2009 – March 2010. The total reduction is based on the accumulated operating surplus reported at August 31, 2008 and amounts to \$215,667.

**16. Related Party Transactions**

Effective 2005/2006, school jurisdictions are controlled by the Government of Alberta according to criteria set out in Public Sector Accounting Board Handbook Section 1300. All entities consolidated or accounted for on a modified equity basis in the accounts of the Government of Alberta are now related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta.

All related-party transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	<u>Balances</u>		<u>Transactions</u>	
	Assets	Liabilities	Revenue	Expenditures
<b>2008-2009</b>				
<b>Government of Alberta:</b>				
Education	\$ 672,592	\$ 1,458,095	\$ 34,446,913	\$ -
Finance	69,494	1,462,149	150,478	150,478
Infrastructure & Transportation	455,880	-	27,883	-
Other departments	-	110,287	575,064	-
Other:				
Other Alberta school jurisdictions	-	-	160,778	-
<b>Total 2008-2009</b>	<u>\$ 1,197,966</u>	<u>\$ 3,030,531</u>	<u>\$ 35,361,116</u>	<u>\$ 150,478</u>
<b>Total 2007-2008</b>	<u>\$ 1,391,911</u>	<u>\$ 3,537,473</u>	<u>\$ 35,881,210</u>	<u>\$ 217,083</u>

**FORT VERMILION SCHOOL DIVISION NO. 52**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

**17. Remuneration and Monetary Incentives**

The Fort Vermilion School Division had paid or accrued expenses for the year ended August 31, 2009 to or on behalf of the following positions and persons in groups as follows:

	<u>FTE</u>	<u>Remuneration</u>	<u>Benefits</u>	<u>Allowances</u>	<u>Expenses</u>
<b><u>Board members:</u></b>					
<b><u>Chair</u></b>					
Wally Schroeder	1.0	\$18,885	\$146	-	\$14,570
<b><u>Other Board Members</u></b>					
Bernard Wiebe	1.0	12,990	587	-	9,119
Marc Beland	1.0	10,170	468	-	2,940
Lena Neudorf	1.0	9,925	680	-	7,872
Dale Lederer	1.0	9,895	366	-	4,978
Susanne Randle	1.0	9,640	439	-	2,780
Colleen Eyjolfson	1.0	8,720	302	-	1,860
Richard Marshall	1.0	8,300	279	-	1,916
<b>Subtotal</b>	<b>8.0</b>	<b>88,525</b>	<b>3,267</b>	<b>-</b>	<b>46,035</b>
<b><u>Superintendent</u></b>					
Roger Clark	1.0	162,154	9,278	10,000	27,006
<b><u>Secretary / Treasurer</u></b>					
Jeff Perry	1.0	134,659	22,530	10,000	15,508
Certificated teachers	219.8	18,242,374	1,861,509	-	-
Non-certificated - other	228.8	8,811,394	1,392,018	-	-
<b>Totals</b>		<b>\$27,459,106</b>	<b>\$3,266,615</b>	<b>\$20,000</b>	<b>\$88,549</b>

**UNAUDITED SCHEDULES**  
**TO THE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2009**  
**[School Act, Section 276]**

**Fort Vermilion School Division No. 52**

Legal Name of School Jurisdiction

**P.O. Bag # 1, Fort Vermilion, Alberta T0H 1N0**

Mailing Address

**Phone: 1-780-927-3766 Fax: 1-780-927-4625**

Telephone and Fax Numbers

***Declaration of Secretary-Treasurer / Chief Financial Officer***

To the best of my knowledge and belief, these unaudited schedules have been prepared following Alberta Education's reporting requirements for Alberta school jurisdictions. These schedules were submitted to the board for information purposes.

SECRETARY TREASURER OR TREASURER

**Mr. Jeff Perry**  
Name

**"ORIGINAL SIGNED"**  
Signature

**November 30, 2009**

Dated

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch,  
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5  
EMAIL: [Cindy.Wang@gov.ab.ca](mailto:Cindy.Wang@gov.ab.ca)  
PHONE: (780) 644-5672 FAX: (780) 422-6996

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**SCHEDULE A**

School Jurisdiction Code: 1250

**ALLOCATION OF REVENUES AND EXPENSES TO PROGRAMS - 2008-2009**

REVENUES	ECS Instruction	Grades 1-12 Instruction	Operations and Maintenance of Schools & Maintenance Shops	Transportation	Board & System Administration	External Services	TOTAL
(1) Alberta Education	\$902,045	\$25,529,785	\$3,729,738	\$2,536,809	\$1,326,898	\$0	\$34,625,275
(2) Other - Government of Alberta	\$0	\$575,064	\$0	\$0	\$0	\$0	\$575,064
(3) Federal Government and First Nations	\$155,283	\$2,844,763	\$377,645	\$259,586	\$93,938	\$1,236,807	\$4,968,022
(4) Other Alberta school authorities	\$0	\$160,778	\$0	\$0	\$0	\$0	\$160,778
(5) Out of province authorities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(6) Alberta Municipalities-special tax levies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(7) Instruction resource fees	\$2,100	\$126,141					\$128,241
(8) Transportation fees-ECS				\$9,350			\$9,350
(9) Transportation fees-Grades 1-12				\$59,621			\$59,621
(10) Other sales and services	\$0	\$11,397	\$0	\$123,975	\$0	\$0	\$135,372
(11) Investment income	\$1,743	\$49,151	\$10,845	\$4,960	\$0	\$0	\$66,699
(12) Gifts and donations	\$0	\$7,500	\$0	\$0	\$0	\$0	\$7,500
(13) Rental of facilities	\$0	\$0	\$456,638	\$0	\$0	\$0	\$456,638
(14) Net school generated funds	\$0	\$493,734	\$0	\$0	\$0	\$0	\$493,734
(15) Gains on disposal of capital assets	\$0	\$0	\$52,961	\$12,272	\$0	\$0	\$65,233
(16) Amortization of capital allocations	\$0	\$0	\$2,105,470	\$0	\$0	\$0	\$2,105,470
(17) Other revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(18) TOTAL REVENUES	\$1,061,171	\$29,798,313	\$6,733,297	\$3,006,573	\$2,020,836	\$1,236,807	\$43,856,997
<b>EXPENSES</b>							
(19) Certificated salaries	\$369,799	\$17,148,206			\$312,324	\$584,199	\$18,414,528
(20) Certificated benefits	\$37,904	\$1,738,180			\$34,229	\$60,474	\$1,870,787
(21) Non-certificated salaries and wages	\$268,023	\$4,550,174	\$1,599,770	\$1,590,569	\$731,189	\$304,853	\$9,044,578
(22) Non-certificated benefits	\$40,539	\$741,078	\$226,930	\$244,998	\$115,000	\$49,270	\$1,417,815
(23) SUB - TOTAL	\$716,265	\$24,177,638	\$1,826,700	\$1,835,567	\$1,192,742	\$998,796	\$30,747,708
(24) Services, contracts and supplies	\$21,547	\$5,276,111	\$2,211,528	\$756,156	\$459,186	\$238,011	\$8,962,539
(25) Net school generated funds	\$0	\$493,734					\$493,734
(26) Amortization of capital assets	\$0	\$284,382	\$2,493,623	\$391,511	\$97,420	\$0	\$3,266,936
(27) Interest and charges	\$0	\$0	\$150,478	\$0	\$61	\$0	\$150,539
(28) Losses on disposal of capital assets	\$0	\$0	\$0	\$14,119	\$0	\$0	\$14,119
(29) Other expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(30) TOTAL EXPENSES	\$737,812	\$30,231,865	\$6,682,329	\$2,997,353	\$1,749,409	\$1,236,807	\$43,635,575
(31) OVER EXPENSES BEFORE EXTRAORDINARY ITEM	\$323,359	(\$433,552)	\$50,968	\$9,220	\$271,427	\$0	\$221,422

**SCHEDULE B  
SCHOOL GENERATED FUNDS (SGF) - 2008-2009**

<b>Unexpended SGF - Opening Balance August 31, 2008</b> (Note 1)			\$201,022
<b>Sources of School Generated Funds:</b>	<b>Gross SGF</b>	<b>Related Expenses</b>	<b>Net SGF</b>
Fundraising activities	\$1,074,698	\$532,118	\$542,580
Student fees (Non-Instructional) (Note 1)	\$11,674	\$6,607	\$5,067
Donations and grants to schools	\$12,813	\$7,333	\$5,480
Other (describe):	\$0	\$0	\$0
<b>Net Additions to SGF</b>	\$1,099,185	\$546,058	\$553,127
<b>Net SGF Available</b>			\$754,149
<b>Uses of Net School Generated Funds:</b>			
Extra-curricular activities			\$442,189
Field Trips			\$51,545
Other (describe):			\$0
<b>Total Uses of Net SGF</b> (Note 2)			\$493,734
<b>Unexpended SGF - Closing Balance August 31, 2009</b> (Note 3)			\$260,415

School Generated Funds (SGF) are funds raised in the community for student activities that come under the control and responsibility of school management. These funds are usually collected and retained at the school for expenditures paid at the school.

**Notes:**

- 1 Excludes fees collected pursuant to Section 60(2)(j) of the School Act (fees related to instructional supplies or materials - essentially textbooks, resource materials in lieu of textbooks, media, software, and materials for classrooms). Fees charged for
- 2 Total uses of net SGF is reported as revenue and expense in the Statement of Revenues & Expenses of the Financial Statements.
- 3 Unexpended SGF is reported as SGF assets and SGF liabilities in the Statement of Financial Position.

**SCHEDULE C  
Operations and Maintenance of Schools & Maintenance Shops Program Expense Details - 2008-2009**

EXPENSES	Custodial	Maintenance	Utilities and Telecommunications	Expensed IMR and Modular Unit Relocations	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	SUB-TOTAL Operations & Maintenance	Supported Capital & Debt Services	TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$993,306	\$458,825	\$0	\$58,375	\$89,264		\$1,599,770		\$1,599,770
Uncertificated benefits	\$145,129	\$62,205	\$0	\$0	\$19,596		\$226,930		\$226,930
Sub-total Remuneration	\$1,138,435	\$521,030	\$0	\$58,375	\$108,860		\$1,826,700		\$1,826,700
Supplies and services	\$127,365	\$471,309	\$101,221	\$426,301	\$11,276		\$1,137,472		\$1,137,472
Electricity			\$493,899				\$493,899		\$493,899
Natural Gas/Heating Fuel			\$376,397				\$376,397		\$376,397
Sewer and Water			\$90,617				\$90,617		\$90,617
Telecommunications			\$21,678				\$21,678		\$21,678
Insurance					\$91,465		\$91,465		\$91,465
Amortization of capital assets									
Supported								\$2,105,470	\$2,105,470
Unsupported							\$388,153		\$388,153
Total Amortization							\$388,153	\$2,105,470	\$2,493,623
Interest on capital debt									
Supported								\$150,478	\$150,478
Unsupported							\$0		\$0
Other interest charges							\$0		\$0
Losses on disposal of capital assets							\$0		\$0
TOTAL EXPENSES	\$1,265,800	\$992,339	\$1,083,812	\$484,676	\$211,601		\$4,426,381	\$2,255,948	\$6,682,329
<b>SQUARE METRES</b>									
School Buildings									48,073.1
Non School Buildings									3,258.0

**Note:**

**Custodial:** All expenses related to activities undertaken to keep the school environment and maintenance shops clean and safe.

**Maintenance:** All expenses associated with the repair, replacement, enhancement and minor construction of buildings, grounds and equipment components. This includes regular and preventative maintenance undertaken to ensure components reach or exceed their life cycle and the repair of broken components. Maintenance expenses exclude operational costs related to expensed IMR & Modular Unit relocations, as they are reported on separately.

**Utilities & Telecommunications:** All expenses related to electricity, natural gas and other heating fuels, sewer and water and all forms of telecommunications.

**Expensed IMR & Modular Unit Relocations:** All operational expenses associated with non-capitalized Infrastructure Maintenance Renewal projects (AKA IMP and BQRP) and modular unit (portable) relocations.

**Facility Planning & Operations Administration:** All expenses related to the administration of operations and maintenance including (but not limited to) contract administration, clerical functions, negotiations, supervision of employees & contractors, school facility planning & project administration, administration of joint-use agreements, and all expenses related to ensuring compliance with health and safety standards, codes and government regulations.

**Supported Capital & Debt Services:** All expenses related to supported capital assets amortization and interest on supported capital debt.